

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 1634 – HB 1851**

January 28, 2020

**SUMMARY OF BILL:** Increases, from “8 to 12 months” to “32 to 36 months”, the time in which the Tennessee State Treasurer, under the Uniform Unclaimed Property Act, is required to sell a security after receiving it, unless requested by the owner to liquidate the security and pay the net proceeds to the owner prior to that time-frame.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue - \$14,288,600/Each Year FY20-21 and FY21-22**

**Decrease State Expenditures - \$14,288,600/Each Year FY20-21 and FY21-22**

**Assumptions:**

- Pursuant to Tenn. Code Ann. § 66-29-146, the Treasurer must deposit in the state general fund all funds received under the Act, including proceeds from the sale of property.
- The proposed legislation increases the minimum time the Treasurer is required to hold a security prior to selling it, in lieu of an owner request for an earlier sale, by 24 months or 2 years.
- By increasing the timeframe for selling, holding, and distributing securities, the Unclaimed Property Division of the Tennessee Department of Treasury will experience a deferral of revenue from the sale of the securities, and a corresponding decrease in expenditures for the distribution of claims in FY20-21 and FY21-22.
- Annual proceeds from liquidation of securities vary greatly: \$2,042,382 in FY14-15; \$19,359,930 in FY15-16; \$1,931,246 in FY16-17; \$33,461,663 in FY17-18; and \$14,647,661 in FY18-19.
- For the purposes of this fiscal analysis, it is assumed that the decrease in state revenue and the corresponding decrease in state expenditures will be equal to the most recent five-year average of such proceeds, or \$14,288,576  $[(\$2,042,382 + \$19,359,930 + \$1,931,246 + \$33,461,663 + \$14,647,661) / 5 \text{ years}]$ .
- The Treasury’s requirement to hold the securities for a longer period of time and any changes necessary to manage the portfolio is estimated to be absorbable within existing department resources.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The script is cursive and fluid.

Krista Lee Carsner, Executive Director

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